

New Issue: [Clermont County Transp. Imp. Dist., OH](#)

MOODY'S ASSIGNS INITIAL Aa3 TO CLERMONT COUNTY TRANSPORTATION IMPROVEMENT DISTRICT'S (OH)

Aa3 RATING ASSIGNED IN CONJUNCTION WITH SALE OF \$5 MILLION ROADWAY IMPROVEMENT REVENUE BONDS, SERIES 2007

County
OH

Moody's Rating

| ISSUE | | RATING |
|--|-------------|---------------|
| Clermont County Transportation Improvement District Roadway Improvement Revenue Bonds, Series 2007 | | Aa3 |
| Sale Amount | \$5,000,000 | |
| Expected Sale Date | 11/20/07 | |
| Rating Description | Revenue | |

Opinion

NEW YORK, Nov 12, 2007 -- Moody's Investors Service has assigned an initial Aa3 rating to Clermont County Transportation Improvement District's (OH) \$5 million Roadway Improvement Revenue Bonds, Series 2007. The bonds are secured by a pledge of revenues received by the district from underlying governmental entities through contractual guarantees. The participating governmental entities include Clermont County (GO rated Aa2), Miami Township (GO rated A1), and Union Township (GO rated Aa2). The Aa3 rating is based on the strength of the pledged revenue streams from highly rated contributing entities, the coverage provided by those revenues, and the legal provisions of the bond resolution and trust indenture.

SECURITY BASED ON DEFINED GUARANTEED REVENUES FROM COUNTY AND TOWNSHIPS

The bonds are special obligations of the district for which it has pledged specific revenues to be received under intergovernmental agreements. An intergovernmental agreement with Clermont County effective October 11, 2006, provides for a total of \$2 million annually for 10 years - \$1 million from the county General Fund and \$1 million from the county engineer's share of a motor vehicle and gas conveyance fee that has been designated for economic development. Additional agreements with Miami and Union Townships are being finalized. Each township will be committing to a \$1 million total contribution. Revenues paid to the transportation district from the underlying governments are pledged to repayment of bonds issued under the indenture and provide adequate support for the current issuance, as well as a subsequent issuance planned for 2008.

Debt service is to be paid out in level payments through 2017 and annual coverage is an adequate 1.18X, based solely on the Clermont County and Miami Township revenues. The adequacy of debt service coverage is ensured by the binding agreements and guaranteed payments. The county and townships are represented on the board, which serves as the administrative body of the district. The purpose of the district is solely to provide capital financing for various infrastructure projects in the county. Designated projects are expected to be completed over the next several years, with substantial funding coming from state and federal sources. The district does not anticipate issuing additional debt in the near term other than the \$8 million in 2008, which is included in our coverage calculations. The additional bonds test requires 1.15X coverage, including accumulated reserves.

GUARANTEED REVENUES EXPECTED TO BE ENHANCED BY ADDITIONAL REVENUES; ADDITIONAL DEBT MAY BE ISSUED

Other revenues of the district include residential tax increment revenues, special assessments, and certain commercial tax increment revenues within the county. While these revenues are not pledged for repayment, they are available revenues of the district. The district has limited operating expenditures, with the majority dedicated to transportation capital projects. Favorably, the additional bonds coverage test does not include the use of these potentially volatile revenues, ensuring adequate coverage from the guaranteed revenue streams. Projected residential increment revenues in 2007 are just over \$200,000, but are expected to grow

as development progresses. The district expects these additional revenue streams will finance the balance of the local share of the designated projects, which may require additional debt secured by the tax increment revenues. As this additional debt will be supported by a different revenue mix, Moody's current rating does not contemplate additional leveraging at this time.

COUNTY BENEFITS FROM PROXIMITY TO CINCINNATI; TAX BASE EXPECTED TO BE STEADY

Moody's believes the county's proximity to Cincinnati (general obligation debt rated Aa1) coupled with the widespread availability of low-cost land available for development projects will result in sustained growth in assessed valuation. The county's tax base, which stands at a large \$10.9 billion, was primarily residential and agricultural as recently as a decade ago; however commercial and industrial growth has accelerated in recent years. The majority of residential and commercial development continues to take place in the western portion of the county near Interstate 275, which rings Cincinnati and provides easy access to the metropolitan area. Moody's expects that the current efforts to improve transportation access throughout the county with the metro area will only serve to enhance growth and development. The socioeconomic profile of county residents is above state norms, reflected in a per capita income and median family income at 107% and 114% of state averages, respectively. Clermont County's unemployment rate, 4.5% in August 2007, is below the state's rate of 5.4%.

FINANCIAL OPERATIONS ARE STABLE, SUPPORTED BY AMPLE RESERVES

Moody's expects the county's financial operations to remain sound, due to management's maintenance of ample reserves. The county typically budgets conservatively for all revenues and expects to make up any shortfalls in other revenue lines. As of FY2006, total General Fund reserves declined by \$4 million to \$20.9 million, primarily due to a one time \$8 million land purchase expenditure for economic development purposes. The unreserved General Fund balance increased to just under \$19 million, or a healthy 35% of General Fund revenues. Sales tax revenues have increased a modest 2.3% annually from 2002 to 2007. Sales tax revenues represent just less than half of core operating revenues. While the county's reserve levels are ample to absorb fluctuations in sales tax collections, Moody's expects the county to continue to conservatively budget for this key revenue source.

KEY STATISTICS

2000 population: 177,977 (+18.5% since 1990)

2007 estimated full valuation: \$12.6 billion

Full value per capita: \$65,590

2000 Per capita income: \$22,370 (107% of state average)

2000 Median family income: \$57,032 (114% of state average)

County unemployment rate (8/07): 4.5%

Debt burden: 0.8% (0.2% direct)

Payout of principal (10 years): 82%

FY 2006 Unreserved General Fund balance: \$18.9 million (34.6% of General Fund revenues)

Post-sale parity debt outstanding: \$5 million

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